

RESPONSIBLE CONDUCT IN THE CHEMICAL TRADE AND DISTRIBUTION



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In 1996, Verband Chemiehandel (VCH) entered the world-wide Responsible Care Initiative by way of a partnership agreement with the German Chemical Industry Association (VCI). 10 years of Responsible Care (RC) in chemical trade and distribution – that means 10 years of joint efforts for a constant improvement of safety, environmental and health protection in excess of legal requirements: Because RC is based on the realization that Responsible Conduct goes far beyond.

During these past years, the initiative also gained political recognition. Besides and beyond management systems RC is understood as proof of entrepreneurial ethics, and chemical traders and distributors are making use of it to demonstrate their comprehensive product responsibility to their suppliers and customers.

Voluntary commitments and initiatives – like RC – are regularly confronted with the question how to verify the success of their relevant activities. Political discussion has confirmed that at the end of the day this can only be achieved by external supervision („Third Party Verification“). From the beginning, VCH's RC Programme* stipulated the supervision of all activities by an external expert – and his work shall be the subject of this year's report. Another tool intended to validate RC activities are the „Indices of Performance“ which are gathered from participating companies each year – please turn to page 2 for corresponding results 2005.

Mr. Schlüter, as consultant engineer you have been supervising the activities of RC member companies from the start. What is your summary after 10 years?**

The companies have made good and clearly identifiable progress since they set out on the RC way. At the start, there was a rather high potential for improvement, but meanwhile RC's progress is less evident because it has consolidated on a high level – which is especially true for those companies who joined the Initiative already in 1997 and by 2006 have had their third on-site assessment.



On-Site supervision by the external expert

At these sites, effective development and integration of RC into day-to-day business are obvious. In all elements of the programme, an on-going improvement could be verified during on-site assessments (57 in the period 2003-2005) and in the companies' yearly revised three-year plans. The programme helped stock-keeping firms as well as those without own ware-

houses to make their administrative and operative processes much safer.

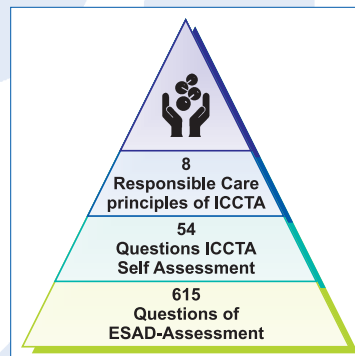
Where do you see critical areas – where is need of further improvement?

In some companies the senior management's commitment still needs to be improved; this applies in particular to giving the necessary support to the RC Coordinator and integrating him routinely into e.g. managerial consultations – it is his duty to monitor compliance with the programme's principles in every section of the company and to communicate RC internally and externally.

VCH's RC programme is fundamentally characterized by a low level of formalization, but nonetheless some companies have deficits regarding an adequate documentation of their RC activities. On the other hand it has to be considered that by now RC's principles are simply „alive“ in the companies and that sometimes it is impossible to allocate actions to a certain element of the programme, or to record them with reference to the term „RC“.

So RC does overlap with e.g. management systems ...

That's right: The majority of participants maintains environmental, quality, or occupational safety management systems, many of those also being certified. At first the integration or combination of these systems with RC seems to present a rather complex task; but when seen in retrospect one realizes that it activates significant synergies – for instance inducing the construction of a chemical warehouse – which are also promoting the continuous improvement process stipulated by RC. – In addition to management systems, for some years now the assessment system **ESAD (European Single Assessment Document***)** has been providing distributors and suppliers with an additional benchmark for their RC commitment resp. a basis for evaluating their safety, health and environmental standards. The corresponding ESAD questionnaire follows the eight **RC principles of ICCTA**, the International Council of Chemical Trade Associations, and its **54 self-assessment questions**. For chemical trade customers ESAD represents an assurance that during the whole supply chain from manufacturer to trader right down to customer, production and distribution were carried out according to the principles of Responsible Care.



Especially in Germany, environmental legislation shows a high density of regulations: Which additional function does this bring for Responsible Care?

What is essential is that RC also describes the ethical basis of entrepreneurial actions and thus ensures that employees' awareness of social concerns is sharpened, that contractors are committed to the same ethical behaviour, and that in case of doubt the company renounces any business not in line with these ethics.

* for detailed information see www.vch-online.de
 ** www.korff-schlueter.de
 *** www.sqas.org („Distributor ESAD“)



Also last year, the activities of companies participating in the RC Programme were surveyed by means of the „Indices of Performance“. Compared to the reporting period 2004 there have been some modifications to the questionnaire*, but its basic concept remained unchanged. Alterations were chiefly made regarding the questions about coordination and internal/external communication of RC. A direct comparison to 2004's results is therefore only partly possible (e.g. recording of industrial premises/vocational training activities). – Polling was once again accompanied by the realization that many aspects of RC are „intangible“, i.e. cannot be expressed in numbers. This is especially true when certain activities are understood as part of a management system. Furthermore, the questionnaire is meanwhile regularly used as a means of internal communication, as it allows an internal self-control and documentation of RC activities throughout the company.

The present figures comprise the data handed in by 56 (2004: 57) companies** employing almost 5,000 people at 138 operational sites. 64 of these sites maintain own warehouses, while the others are laid out as distribution//sales offices.

Responsible Care – „Responsible Conduct in Chemical Trade“ – this comprises following features:



Company organisation, assignment of responsibilities and supervision

In chemical trade and distribution, RC starts at executive level, with management and RC Coordinator closely cooperating to support its implementation in all segments of the company. Consequently each participant recorded eight discussions of RC Coordinator and senior management with a direct focus on the obligations brought about by RC. Responsible Conduct in the Chemical Trade is also visible in the high level of employee's professional qualification and their continuous education and training. Participants' staff took part in 1,365 information or schooling events (24 per company) concerning chemical law/legislation on dangerous substances and hazardous goods. Among other topics, they were informed about current technical and legal conditions within chemical trade.



Product responsibility

Product responsibility is especially demonstrated by the meticulous selection of suppliers, logistics partners and service providers. A good 3/4 of suppliers maintain a certified environmental, quality, labour safety management system, or participate in the RC programme. 140 (round about 10%) of logistics partners are also members of the chemi-

cal industry's safety and quality assessment system „SQAS Road“.

Another important aspect of product responsibility is the labelling of dangerous substances. Besides the labels regularly issued by VCH the chemical trade sector guarantees a standard labelling also for substances which are not classified as dangerous. These labels are constantly supervised by experts from the member companies. – In addition to safety data sheets, supplementary information like instruction manuals, product dossiers and technical data sheets were obtainable last year for 2/3 of permanently stocked products.



Plant safety and danger defence

The 64 operational sites with own warehousing recorded only three contaminations of soil and/or water caused by liquid products in the past year. When seen against the total amount of about 2.0 million tons of products handled (1.5 million tons thereof liquid products) this comes up to one incident per 666,000 (500,000) tons of handled products. The high level of plant safety is also documented by the low number of alarms (143 – 135 of these being false alarms) which also proves that chemical companies' safety systems react to even smallest anomalies and thus make it possible to take safety precautions at a very early stage.



Labour safety and health protection

Occupational safety and health protection are of utmost priority in chemical trade and distribution as a large number of employees (approx. 1,500) work in warehouses and vehicle fleet. Consequently, 19 companies have implemented own labour safety management systems. 415 investigations acc. to § 7 GefahrstoffV (Hazardous Substances Decree) were made to determine whether employees' have to work with dangerous substances, or whether dangerous substances might be created or released during their work. – During the last few years, the number of notifiable accidents has constantly decreased to now 119. More than half of these did not have any connection to chemical reactions. Only 31 accidents did involve a chemical reaction – seen against the number of stock-keeping sites this means one accident per 65,000 tons of handled products.



Environmental protection

Environmental legislation already sets high demands, but RC participants are required to strive for on-going improvements also in this area. Since chemical trade and distribution neither use nor utilize chemicals in their stocks or transshipment sites, emissions are only relevant for companies

with own warehousing, i.e. where liquid chemicals are also bottled. Almost 2/3 of bottling procedures (819,000 of 1.48 million tons) make use of gas-displacement devices or similar emission-decreasing system; in the remaining cases such measures were inappropriate because of substance-specific, technical or operational reasons.

Environmental awareness is also expressed by participation in environmental management systems: 28 companies have implemented such systems, many also being certified according to ISO 14001, Eco Audit or EMAS; 24 other firms have made environmental aspects a cornerstone of their „integrated“ management systems.



Transport safety

In 2005, internal controls of the 23 participants with own vehicle fleet brought to light 122 cases of transport-relevant incidents resulting in admonitions, advice and instructions (e.g. deficient labelling of packages, faulty tank trucks). Measured against the total mileage of company-owned trucks (approx. 28 million km) the number of official complaints (90 in all, that means one complaint per 311,000 km) remained on the agreeably low level of previous years. Same goes for the number of accidents: with 107 (2 of these involving personal or environmental damage) the number is almost identical to 2004 (97). – Also the companies without own vehicle fleet have obligations in connection with the transport of dangerous goods: They reported nine cases of administrative complaints (disciplinary hearings concerning fines) and 38 cases of transport-relevant incidents.



Dialogue – Information of the public

Also in 2005 several steps were taken towards an open dialogue with the (professional) public in order to establish a basis for a pragmatic discussion about RC topics. About half of RC publications are meanwhile available (in part or exclusively) electronically (website, e-Mail). Therefore some activities cannot be expressed in exact numbers. Besides company brochures containing not only respective delivery programmes but also information about RC (1,012 per company), 84 public events took place aimed at improving understanding for chemical trade and chemistry in general.

* You will find the questionnaire for 2005 at www.vch-online.de „Responsible Care“

** RC participants are marked correspondingly in the company register found on VCH's website

A more **detailed presentation** of the results can be found at www.vch-online.de („Responsible Care“) or ordered from VCH. Here, you can also find the RC Reports for the last few years as well as further information about chemical trade and distribution.

Your chemical trading company: